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**FISCAL IMPACT STATEMENT**

**LS 7059**

**BILL NUMBER:** HB 1252

**NOTE PREPARED:** Jan 14, 2014

**BILL AMENDED:**

**SUBJECT:** Property tax appeal settlements.

**FIRST AUTHOR:** Rep. Harris

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** X GENERAL  
DEDICATED  
FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** This bill provides that an agreement to settle a disputed assessment of a river boat that results in an annual property tax reduction of more than \$1,000,000 for property taxes due and payable in at least two calendar years is contrary to public policy and is illegal, unenforceable, void, and of no effect.

**Effective Date:** Upon passage.

**Explanation of State Expenditures:** See *Explanation of Local Expenditures*.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** Under this bill, an agreement to settle a disputed assessment of a river boat (as defined in statute) that results in a reduction in property taxes of more than \$1 M annually for at least two calendar years would be illegal, unenforceable, void, and of no effect.

This provision may be in conflict with the current statute that stipulates that a taxpayer's tangible property shall be assessed on a just valuation basis and in a uniform and equal manner. As a result, the taxpayer, after going through the appeal process with county officials, the Property Tax Assessment Board of Appeals, and the Indiana Board of Tax Review, may have to petition the Indiana Tax Court for judicial review regarding the assessment, and if possible, the Indiana Supreme Court. The Indiana Tax Court has exclusive jurisdiction over any case that arises under the Indiana tax laws and that is an initial appeal of a final determination made by the Indiana Board of Tax Review. Decisions of the Tax Court may be appealed directly to the Indiana Supreme Court. These agencies would have to expend resources adjudicating the case.

Additional Information:

There is one property tax settlement that could have met the parameters of this bill. Ameristar Casino East Chicago appealed its property tax assessment for four successive years, 2008-2011, contending that its assessed values were much lower than the county assessments and seeking refunds totaling approximately \$16 M plus interest. In August, 2013, Ameristar announced a settlement with the Lake County Assessor and the City of East Chicago to resolve the appeal and set an assessed value for its real property through 2015.

Since Ameristar paid real property taxes on the basis of a substantially higher assessed value for these years, the agreement refunds Ameristar a portion of those payments in the form of a credit of \$1,425,000 per year against taxes otherwise payable in 2013-2016. These credits total approximately \$6 M. According to the bill, the City of East Chicago would collect approximately \$2.5M less in taxes because of the credits.

The Indiana Board of Tax Review (IBTR) received and accepted a Joint Stipulation from the parties for the appeals pending before the agency. Stipulations are generally accepted by the IBTR with the understanding that the IBTR's acceptance should not be construed as a determination regarding the propriety of the agreement implicitly or explicitly.

**Explanation of Local Revenues:**

**State Agencies Affected:** Indiana Board of Tax Review; Indiana Tax Court; Indiana Supreme Court

**Local Agencies Affected:** City of East Chicago; Counties; Property Tax Assessment Board of Appeals.

**Information Sources:** Northwest Indiana Times, "Settlement on All Property Tax Appeals Reached With Ameristar Casino", August 29, 2013; Beth Hammer, Indiana Board of Tax Review, 317-232-3786.

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